

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DIVISION OF MANAGEMENT AND TECHNOLOGY
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Section 6--Purchasing	EFFECTIVE DATE: 2/10/95
TITLE: Purchasing 1.2 (Encumbrance Processing)	REVISION DATE: 7/23/99
AUTHORIZED BY: Cheryl Thompson, Deputy Director	PAGE 1 OF 1

BACKGROUND

Encumbrances are entered into and processed through FMS as a fiscal and budgetary control. Encumbrances may be in the form of purchase orders or may be entered into the fiscal system by other input documents. To achieve adequate control over encumbrances, the following procedures are required.

PROCEDURES

1. Encumbrances (purchase orders) should be entered into the fiscal management system (FMS) at least weekly and prior to release of any purchase order to the vendor.
2. All encumbrances (purchase orders) should be updated monthly after reviewing the outstanding purchase order reports. Any purchase order lines that require closing should be closed at this time.
3. At year-end closing, if funds are to be carried over, and no purchase order has been issued per **Purchasing 1.0**, the exact amount remaining to be paid will need to be keyed as an encumbrance by June 30, or no carryover will be permitted.

CONTACT PERSON

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